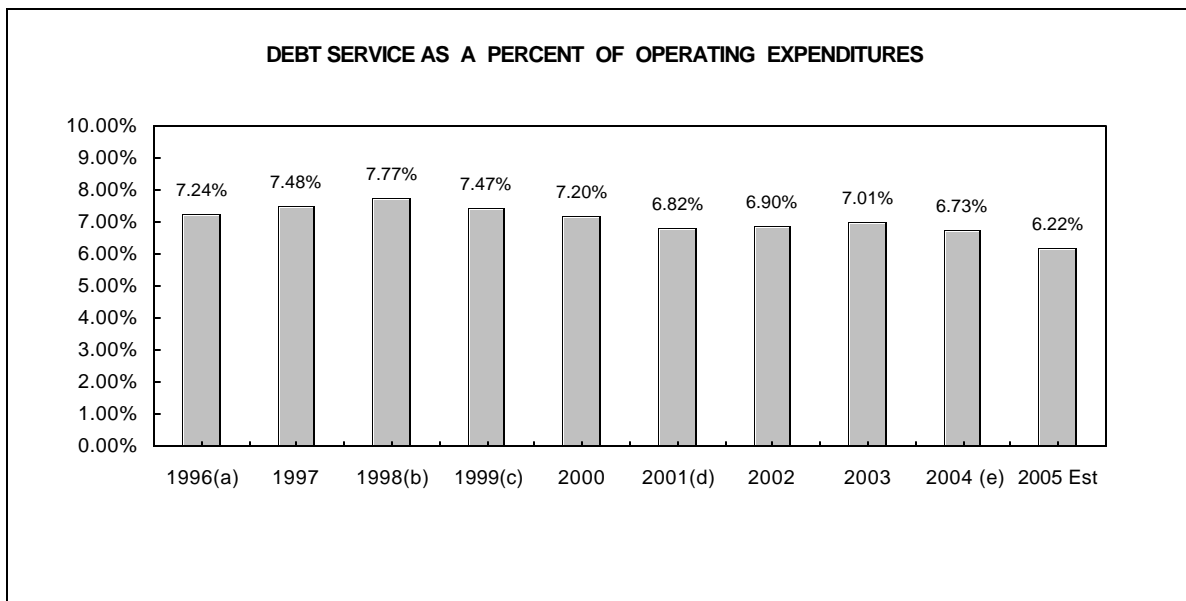


## DEBT SERVICE AS A PERCENT OF OPERATING EXPENDITURES

Debt service includes principal and interest payments on general county debt obligations borrowed for capital project expenditures. Debt service payments are examined relative to general operating expenditures including special revenue funds. As a fixed cost, debt service can reduce expenditure flexibility. According to the International City Management Association (ICMA), if debt service as a percent of operating expenditure is below 10 percent, the credit industry views this situation favorably. If it exceeds 20 percent, potential risk exists. County debt service has remained stable in proportion to increases in general operating expenditures. Overall, the county is still below the 10 percent threshold. Increases reflect a continued emphasis on capital needs including major highway and facility projects. The debt burden is managed in relation to the funding requirements of the Five-Year Capital Plan. In addition, the County has also used defeasement and refunding activity. In 1995, \$3.0 million of the 1990 series notes was defeased. In 1998, \$4.5 million was paid down on the 1992 issue and in 1999, \$2.35 million was paid down on the 1993B issue. In 2001, the County refinanced \$16.4 million of debt issued between 1994 and 1996 resulting in future interest savings. In 2004, the County paid down the remaining \$2.8 million of the 1997 issue, resulting in reduced debt service in 2005.



<u>Year</u>	<u>Debt Service</u>	<u>Operating Expenditures</u>	<u>Percent</u>
1996(a)	\$8,821,384	\$121,838,538	7.24%
1997	\$9,628,743	\$128,776,888	7.48%
1998(b)	\$10,100,776	\$130,079,790	7.77%
1999(c)	\$10,549,842	\$141,276,453	7.47%
2000	\$10,847,081	\$150,551,492	7.20%
2001(d)	\$11,095,040	\$162,693,676	6.82%
2002	\$11,450,319	\$165,985,724	6.90%
2003	\$12,053,384	\$171,871,964	7.01%
2004 (e)	\$12,440,551	\$184,864,883	6.73%
2005 Est	\$12,086,251	\$194,446,570	6.22%

(a) Excludes debt service to refinance debt issued in 1990 & 1991.

(b) Excludes debt service to paydown \$4.5 million of the 1992 debt issue.

(c) Excludes debt service to paydown \$2.35 million of the 1993B debt issue.

(d) Excludes debt service to refinance outstanding debt issued between 1994 & 1996.

(e) Excludes debt service to paydown remaining \$2.8 million of the 1997 debt issue.